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Media Contact: Gordon Neal
(202) 684-3273
gordonneal@rational360.com

HSCA, AVALERE HEALTH REPORT DETAILS CRITICAL ROLE OF GPOS IN MITIGATING IMPACT OF PRESCRIPTION DRUG SHORTAGES

Report Highlights GPO Strategies to Expand Production Capacity, Ensure Timely Reporting of Shortages; Makes Policy Recommendations for Multi-Stakeholder Approach to Shortages

Washington, DC (May 5, 2014) – The Healthcare Supply Chain Association (HSCA) today released an Avalere Health report, *The Vital Role of Group Purchasing Organizations in Alleviating Drug Shortages in the United States*, which found that healthcare group purchasing organizations (GPOs) play a significant role in helping hospitals, purchasing partners and suppliers alleviate the impact of prescription drug shortages in the United States.

“GPOs are the sourcing and purchasing partners to American hospitals, and the industry is taking innovative action to help hospitals identify potential shortages, maintain a safe and reliable supply of products, and ensure that patients and their families have access to the critical medicines they need,” said HSCA President Curtis Rooney. “Drug shortages are a complex problem with no overnight fix. GPOs are committed to continuing to work with government, industry, hospitals, and all supply chain stakeholders to find a solution to this public health crisis.”

In its report, Avalere found that GPOs are taking a variety of specific steps to help mitigate the impact of drug shortages, including:

- **Tracking data** on drug shortages;
- **Strategizing with members** when the potential for a supply disruption arises;
- **Communicating with manufacturers and distributors** when they anticipate a supply problem;
- **Creating incentives for drug manufacturers** to produce agreed-upon quantities of certain critical drugs and drugs in short supply.

“Whether through voluntary contracting practices, reliable price adjustments, or helping hospitals and healthcare providers to ensure prompt and safe migration to alternative products when shortages arise, GPOs bring flexibility, stability and predictability to the supply chain in order to help ensure patient access to critical medications,” Rooney added.

Avalere also identified specific policy recommendations for a multi-stakeholder approach to combat drug shortages, including:

- **Improving approval processes** at the U.S. Food and Drug Administration (FDA);

- **Refining early notification systems** and public communication;
- **Implementing market and operational efficiencies.**

The drug shortage report also includes a number of case studies illustrating the strategies employed by GPOs to expand production capacity for drugs in short supply and to ensure the timely reporting of shortages. GPO strategies depicted in the case studies include:

- **Providing financial and technical support** for alerting the public about drug shortages;
- **Encouraging production of critical drugs through innovative agreements** that provide certainty to manufacturers;
- **Working to raise supplier performance quality metrics.**

In recent reports to the House Energy and Commerce Committee Subcommittee on Health, the Government Accountability Office (GAO) and FDA reaffirmed that the root causes of drug shortages are manufacturing problems, quality issues, and barriers to getting new suppliers operational when supply is disrupted.

To read the complete Avalere/HSCA report, *The Vital Role of Group Purchasing Organizations in Alleviating Drug Shortages in the United States*, please [click here](#) or visit the HSCA website at www.supplychainassociation.org.

For more information about the efforts of GPOs to help mitigate the impact of drug shortages, please visit www.drugshortage.org.

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About the Healthcare Supply Chain Association (HSCA)

The Healthcare Supply Chain Association, formerly the Health Industry Group Purchasing Association, is a broad-based trade association that represents 14 group purchasing organizations, including for-profit and not-for-profit corporations, purchasing groups, associations, multi-hospital systems and healthcare provider alliances. HSCA's mission is to advocate on behalf of healthcare group purchasing associations, to provide educational opportunities designed to improve efficiencies in the purchase, sale and utilization of all goods and services within the health industry and to promote meaningful dialogue between GPOs. For more information, visit www.supplychainassociation.org.